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Czech Republic

Sugar

Market Update

2006

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Report Highlights:

In 1989, the Czech Republic had over 50 sugar refineries and was a net exporter of sugar. Currently, there are ten refineries with French-owned Eastern Sugar soon to leave the country. Eastern Sugar will sell its sugar production quota to the European Commission shortly. At present, the Czech sugar quota is at 454,862 MT. With Eastern Sugar's departure the quota could drop by 102,000 MT. The Czech Minister of Agriculture is trying to halt the quota reduction, and Czech farmers are already looking for different uses for sugar beets such as ethanol production.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[EZ]

Sugar Production

With the new sugar regime the Czech Republic (CR) obtained 454,862 MT quota from the European Commission. Since conditions for sugar beet production are very good in Moravia, the CR has traditionally been a sugar exporter. Even now, the biggest sugar refinery, Cukrovary TTD, exports annually around 100,000 MT to non-EU countries.

In October, the French company Eastern Sugar, which owns three sugar refineries in the CR, announced its decision to leave Central Europe (including CR, Slovakia, and Hungary). Eastern Sugar will return its 102,472 MT sugar quota for CR to the European Commission for a price of 730 Euro/MT. As a result, the Czech sugar quota will drop to 352,390 MT while Czech sugar consumption remains stable at around 400,000 MT. This means that sugar will not be exported or will most likely be imported. Czech farmers are already looking for different uses for sugar beets such as ethanol production.

The Ministry of Agriculture is asking the European Commission to leave 25% of Eastern Sugar's quota in the Czech Republic. The Ministry also wants compensation from Eastern Sugar at the rate of 29.3% of the amount the EU will pay them for the returned quota.

Sugar production in the Czech Republic:

MY (Oct-Sep) Year	Beet- growing area (1,000 ha)	Yield (MT/ha)	Sugar content (%)	Sugar production (1,000 MT)
2001/02	78.9	49.8	15.6	498
2002/03	79.5	50.5	16.1	548
2003/04	77.3	48.2	18.2	510
2004/05	71	50.6	18.5	558
2005/06	65.5	54.3	18.7	558

(Source: Cukrovary TTD)

Division of production quota in 2006/2007 among sugar producers:

Company	Quota in MT
Cukrovary TTD	199,895.6
Eastern Sugar Ceska Republika	102,472.8
Moravskoslezské cukrovary	86,344
Hanacká potravinářská společnost	25,184
Litovelská cukrovarna	20,762
Cukrovar Vrbatky	20,203
Total	454,862

For MY 2006/07 the Czech Republic received an additional quota of 20,070 MT, which will be divided among the above companies.

Sugar Trade:

MY (Oct-Sep) Year	Import (out of which from extra EU25) (1,000 MT)	Export/out of which to extra EU25 (1,000 MT)	Domestic sugar production (1,000 MT)
2001/02	42 (0)	106 (53)	498
2002/03	27 (0)	53 (33)	548
2003/04	31 (0)	162 (16)	510
2004/05	51 (5)*	259 (76)	558
2005/06	46 **	263 (100)**	558

(Source: Czech Statistical Office)

* extra EU25 import from Serbia & Montenegro, and Switzerland

** estimate